

Legal Avenues: Your Road to Solutions

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Nonprofit Board Service

Service on a nonprofit board of directors is a common, yet very valuable form, of community service. Nonprofits draw on the strengths of their board members to contribute to the organization's success. The typical nonprofit board has the role of shaping the nonprofit's mission, setting goals for the organization, overseeing the organization's leader, approving budgets, and acquiring and disposing of major assets.¹ Consistency and regularity in board procedures contributes to a nonprofit's effectiveness.²

BUV: Center for Nonprofit Excellence in Akron sponsors free and low-cost seminars on the role of the board, proposal writing and budgeting basics, and fundraising.³ It also offers a matching service to connect executives with organizations in need of a board member, and consulting services on succession planning and volunteer management.

BoardSource offers a number of free online publications that cover assessing board performance,⁴ and the Foundation Center maintains a list of print and online resources about nonprofit governance.⁵

One of the first questions a newly appointed board member should ask is "For what purpose is the organization maintained?"⁶ Early on, the board member should become acquainted with his obligations to the organization including the duty of care, the duty of loyalty, and the duty of obedience.⁷

Duty of Care

The board director's obligation of duty of care includes an awareness of the organization's operations and structure and making informed decisions based on that awareness. The duty of care is ful-

filled by regular board and committee meeting attendance. The director should make decisions based on what is in the best interest of the organization, and if necessary, request additional information from the organization in order to make an informed decision. The board will need to adopt appropriate procedures and policies to delegate the tasks of ongoing operation to the nonprofit's staff or volunteers.⁸

Duty of Loyalty

When making decisions for the nonprofit corporation, the director must set aside her individual interest or the interests of those who appointed her to make decisions that are in the best interest of the corporation. Should the director have interests that conflict with those of the corporation, they should be recognized, disclosed, and evaluated.⁹ The director is also expected to maintain confidentiality by not disclosing information that is not publically available.¹⁰

Duty of Obedience

The director should ensure the organization remains true to its mission, complies with federal, state, and local laws and regulations, and oversee the organization's finances.¹¹

To carry out his duties, a director has the right to receive a copy of the minutes of all meetings, to contact the organization's management for information, to inspect the corporation's financial records, and to dissent to any action and have the minutes of the meeting record the reason for the dissent.¹²

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Footnotes

¹Sorokin, Cheryl et al. *Nonprofit Governance and Management*, 3rd ed., 2011, at 5.

²Id. at xx.

³BUV: The Center for Nonprofit Excellence, Accessed 3 March 2015. Available at: <http://www.bvuvolunteers.org/services-for-nonprofits/>

⁴BoardSource: Community Resources. Accessed 15 April 2015. Available at: <https://www.boardsource.org/eweb/DynamicPage.aspx?webcode=BDSCCommunityRsc>

⁵"The Multiple Roles of Nonprofit Boards: A Resource List" Foundation Center, Topical Resource Lists. Accessed 15 April 2015. Available at: <http://foundationcenter.org/getstarted/topical/boards.html> and Foundation Center, Grant Space, Knowledge Base, "Where Can I Learn About Developing My Nonprofit's Board?" Accessed 15 April 2015. Available at: <http://grantspace.org/tools/knowledge-base/Nonprofit-Management/Establishment/developing-a-nonprofit-board>

⁶Boyd, Willard L. III and Jeannie Carmedelle Fray, eds. *Guidebook for Directors of Nonprofit Corporations*, 3rd ed., 2012, at 8.

⁷"Where Can I Find Information on a Board's Legal Duties?" Foundation Center, Grant Space, Knowledge Base, Accessed 15 April 2015. Available at: <http://grantspace.org/tools/knowledge-base/Nonprofit-Management/Boards/legal-duties-of-the-nonprofit-board>

⁸Boyd, *supra* at 26-31.

⁹Id. at 43-49.

¹⁰Id. at 49-50.

¹¹Id. at 53.

¹²Id. at 50-52.